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Finance, Planning and Facilities Committee, October 24, 2014

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**Minutes
Coastal Carolina University
Board of Trustees**

**Finance, Planning & Facilities Committee
E. Craig Wall Sr. School of Business Administration Building, Boardroom
October 24, 2014**

**Members of the
Committee Present:** Mr. Carlos C. Johnson, Mr. Charles E. Lewis, Dr. Oran P. Smith, Mr. Eugene C. Spivey, and Mr. William E. Turner III

**Committee Member
Not Present:** Ms. Natasha M. Hanna

**Other Board Members
Present:** Mr. William S. Biggs, Mr. Fred F. DuBard III, Mr. Samuel H. Frink, Mr. D. Wyatt Henderson, Mr. Marion B. Lee, Mr. Daniel W. R. Moore, Sr., and Mr. George E. Mullen

Others Present: Ms. Carolyn Bender, Ms. Stacie A. Bowie, Ms. Susan Butcher, Dr. J. Ralph Byington, Dr. Debbie Conner, Dr. David A. DeCenzo, Mr. Edgar L. Dyer, Mr. Matt Hogue, Ms. Martha Hunn, Dr. Steven J. Madden, Mr. Timothy E. Meacham, Ms. Jennifer Packard, Mr. William M. Plate Jr., Ms. Sharon Sluys, Ms. V. Chyrel Stalvey, Ms. Sandra A. Williams, and Mr. John Vrooman

(In accordance with the requirements of the South Carolina Freedom of Information Act, the news media were notified of the time, location, and agenda of the meeting. Charles Perry from the Sun News was in attendance.)

Chairman Carlos Johnson brought the committee to order at 3:47 p.m.

Will Turner moved to approve the August 8, 2014 minutes. Chuck Lewis seconded, and the motion passed.

Gene Spivey made motions to approve the following. The seconds are noted on each motion:

- request approval of one-year lease, renewable for two more consecutive years, of 13,700 square feet of warehouse space at 470 Allied Drive from Forum Development at an annual lease amount of \$92,475 or \$6.75 per square foot (Motion 14-45). Lewis.
- request approval of one-year lease, renewable for three more consecutive years, of the real property comprising 14.66 acres, commonly known as 900 79th Avenue North, Myrtle Beach, SC, and the building containing approximately 42,200 gross square feet

at an annual lease amount of \$100,000 or \$2.37 per square foot (Myrtle Beach Higher Education Center) (Motion 14-46). Turner.

- request approval of lease from Coastal Educational Foundation of the corner property at Founders Drive and Highway 544, to include this land with all other University land leased from the CEF for liability purposes, effective November 1, 2014, with the option to extend the term of this lease for up to nine (9) consecutive periods of one (1) year each. The cost of the lease is \$85,000 per year for years one (1) through three (3). The cost of the lease for years four (4) through ten (10) is \$70,000 per year. The immediate use of the land will be for a construction laydown yard to be used by the general contractor who will build the second phase of the residence halls. Beyond that timeframe, Fall 2016, the use will be determined but will unquestionably include improved entrance and University signage (Motion 14-47). Turner.
- request approval to resume/continue work with Sasaki Associates, Inc. to update the Campus Master Plan at a cost of \$50,000 plus reimbursable expenses. (Motion 14-48). Turner.

Ms. Stacie Bowie noted that Coastal Carolina University has put together a list of five items for Sasaki to deliver as part of the update to the Master Plan.

- update changes that have happened since the original plans, taking into consideration that a lot of construction has taken place
- evaluate options for a graduate campus in the Myrtle Beach area
- examine the possibility for a gateway opportunity on University Boulevard
- two campus visits to gather information and explore scenarios
- issue electronic PDF report that updates campus Master Plan

Oran Smith commented that Sasaki's contact who took Coastal through the Master Plan is no longer with them. Sandra Williams feels there will be good continuity because other people at Sasaki have also been closely involved.

- request to seek approval of an additional \$3M in General Funds (state appropriation) for the 2015-2016 budget to fund positions currently funded by Other Funds (Motion 14-49). Smith.
- request to approve a Supplemental Resolution providing for the issuance and sale of Higher Education Revenue Bonds of Coastal Carolina University to be issued in the principal amount not exceeding one hundred six million two hundred ninety-five thousand dollars (\$106,295,000), and to make a clarifying amendment to the general bond resolution, and other matters relating thereto (Motion 14-50). Lewis.

Bowie explained that the sale of the bonds will fund Coastal's acquisition of the University Place student residence property that was announced at the Board's previous meeting in July. By acquiring, rather than leasing, the 54-acre property from Coastal Carolina's Student Housing Foundation, CCU will save \$2.8M per year. Taking into consideration the bond market, the overall deal will save \$75 million between now and 2042, and of that, \$25M is just a result of the refinancing and selling. The fact that the University has an excellent bond rating and interest rates are still much low this will be a great benefit to Coastal. The savings will be applied to make renovations as needed in housing.

The following motions are three (3) leases currently held by The Georgetown Agency:

- **Spivey moved to assume attornment of 901-D Front St., Georgetown, South Carolina, wherein Don Flaspoebler is tenant, and Coastal Carolina University will hereafter be known as Landlord. Said attornment expires November 30, 2014. Oran Smith seconded, and the motion carried (Motion 14-51).**
- **Oran Smith made a motion to assume an attornment of 901-C Front St., Georgetown, SC, wherein Dolphin Overton is tenant, and Coastal Carolina University will hereafter be known as Landlord. Said attornment expires January 21, 2015. Spivey seconded; motion passed (Motion 14-52).**
- **Lewis moved to assume a lease, in its third and final year of renewal, at 901 Front Street, Georgetown, SC, at a monthly lease amount of one thousand two hundred dollars (\$1,200), wherein Horry County is tenant, and Coastal Carolina University will hereafter be known as Landlord. Said lease expires March 31, 2015. Will Turner seconded, and the motion carried (Motion 14-53).**

Bowie presented the Capital Projects update as presented on the handout. Currently, the University has \$214M worth of ongoing Capital Projects. \$209M of that consists of new construction, whether it is in design phase or actual construction.

- Entrance to TD Sports Complex – completed.
- Chick-fil-a Express – completed.
- Football stadium field turf – pre-bid meeting December ends in April.
- Atheneum Hall - \$3M on infrastructure.
- Student Union - almost complete.
- Science Annex II – artist rendering of \$30M building; have broken ground and anticipated completion is April 2016
- Catering Kitchen/Dining Facility – a \$3M, 8,000 square foot building. Construction is complete. Food service equipment is being installed. This facility will be open to all students for breakfast and lunch and open to athletes at dinner time. Only healthy option foods will be served.
- Baseball Complex Phase II - \$2.5M. Completion is slated for April 2015.
- Tennis Complex - \$2M. Final inspection next month.
- New Student Housing Complex coming along as expected. Bid on last two phases and within budget.
- Singleton Building Renovation coming along as planned and waiting for completion of Atheneum. Project completion expected July 2016
- Second Academic Classroom Building - \$18M. This is the first building that Coastal Carolina University will go to Columbia to ask to build without having money in hand from the penny sales tax. We know sales tax money will come but we need to build now. If the University waited to have cash in hand, construction wouldn't start until 2017. We will have \$9M in hand, and we are going to request \$18M. When construction is finished in 2017, Coastal will have an extra \$5M to apply to the second phase.

The University ended up at the conclusion of the last fiscal year as predicted. Bowie also shared where Coastal is in regard to projections for the current Fiscal Year. This year's budget changed

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because more students are attending than predicted. As a result, CCU has a 3% increase in revenue. The University has experienced 5.6% growth in undergraduate students. Overall, Coastal has \$4.6M more revenue than anticipated. State appropriations are up \$277,000. Total revenue, instead of \$129.3M, is \$134.1M. The University will carry forward \$2.4M more than anticipated. Operating expenses are up \$1.7M or 1.3% over budget because tuition revenue increased. Contingency was originally setup at .5% and is actually projected to be 2.7%. Coastal is now more in-line with where it would like to be. The ideal is 3%.

The expense side is up mainly in three areas. The salary and benefits area is up because more students require more qualified professors. As a result, temporary faculty is \$150,000 over budget. Because of the staff hired to take care of additional students, overall, salary and benefits are up \$900,000. Supplies are also up. With the addition of more students, the University anticipates needing an additional \$350,000 to purchase more consumable supplies.

As there was no further business, Turner moved to adjourn and Spivey seconded.

Respectfully submitted,

Susan Butcher

Susan Butcher
for Mr. Charles Lewis